

CONTROLLER STEVE WESTLY

STATE OF CALIFORNIA

300 Capitol Mall
Sacramento, CA 95814
916.445.2636
www.controller.ca.gov

**FOR IMMEDIATE RELEASE:
FEBRUARY 14, 2005**

**CONTACT: LAURA ADLEMAN
916-445-2636**

Westly Environmental Initiative Wins CalPERS Support

Automakers' failure to appear before Board leads to major shareholder campaign

SACRAMENTO – At State Controller Steve Westly's urging, the CalPERS Investment Committee today approved an environmental shareholder initiative to pressure automakers to design cleaner cars that will be competitive in the global marketplace. The first-of-its-kind initiative is a response to automakers' refusal to appear before CalPERS to explain their lawsuit challenging California's new greenhouse gas emissions standards, which was filed last December.

"Automakers didn't want to come to our doorstep – so we're taking the fight to theirs," Westly said. "CalPERS will use its clout to help convince auto companies that the future lies in clean technology, not in costly legal battles."

As part of the initiative, CalPERS will consider one or more auto companies for its 2005 Focus List. The list targets companies for poor economic performance, and poor executive compensation and corporate governance practices.

The pension fund will also support shareholder proposals at Ford and General Motors that request a report on each company's plans to comply with California's new greenhouse gas emission standards, meet worldwide demand for cleaner cars, and reduce emissions.

California is the first state in the nation to regulate greenhouse gas emissions from vehicles. Air Resources Board regulations require new cars to meet the standards starting in 2009. The rules provide for a 30 percent reduction in greenhouse gases by 2016.

Westly launched a shareholder coalition last November, the Global Warming Watch, to compel automakers to abide by the new standards. The coalition includes CalPERS, CalSTRS and the New York Common Retirement Fund – the nation's three largest pension funds. Together, these funds own more than \$2 billion in auto company stock.

New York, New Jersey, Connecticut, Massachusetts, Maine, Vermont and Rhode Island have indicated they intend to adopt California's emission regulations. With California, these states make up approximately 25 percent of new U.S. vehicle sales.

On February 16, the Kyoto Protocol will take effect – which experts believe will increase demand for cleaner cars. With the exception of the United States, every major industrialized country in the world will be subject to the accord. Countries ratifying the protocol account for more than 60 percent of worldwide vehicle sales.

The Investment Committee also adopted a real estate investment policy that supports sustainable building principles. Westly requested the policy, which directs CalPERS to consider renewable energy technologies, recycled building materials, and air and water conservation when investing and managing its real estate portfolio.

###